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SUBJECT: ANNUAL POLICY ASSESSMENT

REF: (A) STATE 32826; (B) PARIS 5534 (NOTAL); (C) PARIS
2935 (NOTAL)

FRENCH FOREIGN POLICY OBJECTIVES ANALYZED REFTELS (B) AND
(C), AND ARE THEREFORE NOT DISCUSSED HERE. THIS MESSAGE
IS IN THREE PARTS: (I) OVERALL US OBJECTIVES IN SUMMA-
TION; (II) SPECIFIC OBJECTIVES; AND (III) RESOURCES.

PART I - OVERALL POLICY OBJECTIVES IN SUMMATION

1. INTRODUCTION - THE FRENCH ENVIRONMENT

AN UNDERSTANDING OF SEVERAL FUNDAMENTAL GIVENS OF
THE FRENCH FOREIGN POLICY ENVIRONMENT IS A PREREQUISITE
TO ANY DISCUSSION OF U.S. OBJECTIVES AND TACTICS. THE
FOLLOWING ARE MY PERCEPTIONS OF THESE GIVENS BASED ON
MY OWN OBSERVATIONS, MY DISCUSSIONS WITH FRANCE'S TOP
LEADERSHIP BOTH IN AND OUT OF GOVERNMENT, AND ON THE
SEASONED VIEWS OF THE EMBASSY COUNTRY TEAM.

A. INTERNAL POLITICAL REQUIREMENTS CONSTITUTE A
MORE SIGNIFICANT ELEMENT IN GISCARD'S FOREIGN POLICY
FORMULATION THAN WAS THE CASE FOR HIS TWO PREDECESSORS
IN THE FIFTH REPUBLIC. CONSOLIDATING AND EXPANDING ON
HIS VERY NARROW ELECTORAL VICTORY OF MAY 1974 ARE EQUALLY
IF NOT MORE IMPORTANT TO GISCARD THAN ANY SPECIFIC FRENCH
FOREIGN POLICY GOAL.

B. GISCARD'S NEED TO CONSOLIDATE A NARROW ELEC-
TORAL VICTORY PLACES A HIGH PREMIUM ON AMELIORATING
FRANCE'S ACUTE ECONOMIC PROBLEMS--INFLATION, BALANCE
OF PAYMENTS DEFICIT, AND UNEMPLOYMENT. IN ADDITION,
THERE IS A PREMIUM ON THE ELIMINATION OF FRICTION IN
FRANCE'S FOREIGN RELATIONS IN ORDER TO PREVENT THE
ALIENATION OF SPECIFIC DOMESTIC GROUPS THAT SUCH FRICTION
ENGENDERS. AGAINST THE BACKGROUND OF A NARROW ELECTORAL
VICTORY, ALL GROUPS ARE IMPORTANT.

C. WHILE THE FRENCH PEOPLE AS A WHOLE WANT AN END
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TO CONFRONTATION AND FRICTION IN FOREIGN AFFAIRS, THEY
NEVERTHELESS INSIST ON THE GOF'S MAINTAINING AN UNAMBIGU-
OUS POSTURE OF INDEPENDENCE. SIXTEEN YEARS OF GAULLIST
INDOCTRINATION DOES NOT VANISH OVERNIGHT.

D. GISCARD AND HIS TEAM HAVE MADE PERSONAL COMMIT-
MENTS TO POLITICAL EUROPE, AND ARE SELLING THIS CONCEPT
TO THE FRENCH PEOPLE AS THE BEST WAY OF MAINTAINING

NATIONAL INDEPENDENCE. THEIR COMMITMENT APPEARS TO BE
BASED ON A CAREFUL POLITICO-ECONOMIC ANALYSIS OF FRANCE'S
INTERESTS. IN FOREIGN AFFAIRS, CONSEQUENTLY, GOF POLICY
ASSIGNS A SIGNIFICANT PRIORITY TO THE EXPANSION
OF THE EC-9'S POLITICAL ROLE AS A MEANS OF PROMOTING
FRENCH NATIONAL INTERESTS.

E. WITH RESPECT TO THE UNITED STATES, THERE ARE
THREE KEY POINTS TO BE FACTORED INTO OUR ANALYSIS.
FIRST, THE GOF WILL DO ITS BEST TO AVOID BRINGING POLICY
DISAGREEMENTS INTO THE OPEN. GISCARD DOES NOT WANT

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CONFRONTATION WITH THE U.S. IF IT CAN BE AVOIDED. MORE-
OVER, FROM A TACTICAL POINT OF VIEW, THIS ATTITUDE PLACES
RESPONSIBILITY FOR ANY POTENTIAL PUBLIC CONFRONTATION ON
WASHINGTON. SECONDLY, THE GOF PROGNOSIS FOR U.S. POLICY
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IS ONE OF DRIFT BETWEEN NOW AND THE 1976 PRESIDENTIAL
ELECTIONS. FINALLY, THE GOF APPROACH TO RELATIONS WITH
THE U.S. DOES NOT APPEAR TO BE SUBJECT TO AN OVERALL
COORDINATED POLICY LINE BEYOND THE BROAD CONCEPTS OF
AVOIDING CONFRONTATION AND THE APPEARANCE OF DOMINATION.

2. THE IMPACT OF THE FRENCH ENVIRONMENT ON U.S. OBJEC- TIVES

TO A CERTAIN EXTENT, THE GISCARDIAN ENVIRONMENT
PLACES GREATER OBSTACLES IN THE WAY OF THE ACHIEVEMENT
OF U.S. POLICY OBJECTIVES THAN EXISTED BEFORE MAY 1974.
THE OVERALL IMAGE OF FRENCH REASONABLENESS, THE REFUSAL
OF THE GOF TO EXPRESS OPEN HOSTILITY TO U.S. POLICIES,
AND THE FRENCH DESIRE TO BE FRIENDS WITH EVERYBODY MAKE
IT MUCH MORE DIFFICULT FOR THE U.S. TO ATTRACT SUPPORT
AGAINST OPPOSING FRENCH POLICIES, ESPECIALLY IN MULTI-
LATERAL CONTEXTS. OUR EXPERIENCE SINCE THE SUMMER OF
1974 INDICATES CLEARLY, FOR EXAMPLE, THAT FRANCE'S EC-9
PARTNERS ARE NOW MORE INCLINED TO ACCOMMODATE TO GOF
VIEWS WHICH CONFLICT WITH OURS. THE OTHER SIDE OF THIS
COIN, HOWEVER, IS THE HIGH PREMIUM FRANCE PLACES ON
FINDING WAYS TO REACH ACCOMMODATION WITH THE UNITED
STATES SO AS TO MINIMIZE THE POSSIBILITY OF OPEN CON-
FLICT, THUS PLACATING THOSE ELEMENTS OF THE FRENCH POPU-
LATION WHICH THEREBY GAIN A SENSE OF SECURITY.

TIPPING THE OVERALL BALANCE IN FAVOR OF FRENCH
ACCOMMODATION WITH THE U.S. IN OUR VIEW IS THE GROWING
REALIZATION OF INTERDEPENDENCE THAT GISCARD'S TECHNO-
CRATIC APPROACH TO GOVERNMENT MUST NECESSARILY STIMU-
LATE. THERE ARE SEVERAL OVERLAPPING REASONS FOR THIS.
FIRST, THE CURRENT ECONOMIC CRISIS IS CLEARLY OVERRID-
ING MANY OF THE IDEOLOGICAL HANGUPS CONTRIVED BY
GAULLISM. FRANCE CAN NO LONGER AFFORD TO GO IT ALONE

IN MANY AREAS, AND GISCARD'S REGIME CLEARLY SEES THIS. SECONDLY, IN THE LAST ANALYSIS, FRANCE'S MAJOR PROBLEMS ARE INSOLUBLE WITHOUT U.S. COOPERATION. IN THIS SENSE, WE HAVE MORE LEVERAGE OVER FRANCE TODAY THAN A YEAR AGO. AND FINALLY, THE SENSE OF DRIFT IN U.S. POLICY PERCEIVED BY THE FRENCH MAKES THEM FEEL THE NECESSITY TO WORK
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HARDER TO KEEP US COMMITTED TO EUROPE, WHEREAS THEY PREVIOUSLY COULD AFFORD THE LUXURY OF TAKING OUR EUROPEAN COMMITMENT FOR GRANTED. THIS LATTER POINT IS MOST CLEARLY FELT IN THE FOREIGN AFFAIRS BUREAUCRACY, WHICH GENERALLY DESIRES EXPANDED AND MORE INTENSIVE CONSULTATIONS WITH US.

3. CONCLUSIONS ABOUT U.S. TACTICS

ON THE BASIS OF THE ANALYSIS SUMMARIZED ABOVE, I HAVE REACHED THE FOLLOWING CONCLUSIONS ABOUT U.S. TACTICS IN DEALING WITH THE FRENCH IN THE COMING TWELVE TO EIGHTEEN MONTHS.

A. WE CAN EXPLOIT THE GOF'S DESIRE TO AVOID OPEN CONFRONTATION WITH THE U.S. IN TWO WAYS. FIRST, BY PLAYING THE FRENCH GAME, AND COOPERATING TO KEEP POLICY DISAGREEMENT FROM BECOMING OPENLY POLEMICAL, WE CAN EXPECT A MORE OPEN, MORE RESPONSIVE AND MUTUALLY ADVANTAGEOUS DIALOGUE. SECONDLY, BY BEING QUIETLY TOUGH IN SELECTED AREAS, WE CAN HOPE FOR GREATER FRENCH CONCESSIONS THAN WE COULD HAVE ACHIEVED DURING THE PREVIOUS PERIOD WHEN GOF LEADERS WERE UNCONCERNED ABOUT, INDEED SEEMED TO WELCOME, PUBLIC CONFRONTATION WITH THE U.S.

B. WE SHOULD AVOID TRYING TO FORMULATE A SINGLE COMPREHENSIVE POLICY TOWARD FRANCE. BECAUSE OF FRENCH INTERNAL RESTRAINTS, THERE WOULD APPEAR TO BE FEW POSSIBILITIES FOR TRADEOFF BETWEEN DIFFERENT SECTORS IN OUR BILATERAL RELATIONS. WE SHOULD, ON THE OTHER HAND, EXERCISE OUR LEVERAGE TO THE FULL WHENEVER WE HAVE IT, AND GET THE FRENCH USED TO THE IDEA THAT CONCESSIONS FROM THE U.S. ARE COSTLY. GISCARD'S DECISION LAST DECEMBER TO SETTLE THE FRELOC CLAIM, FOR EXAMPLE, INDICATES AN AWARENESS OF THIS REQUIREMENT.

C. WHILE WE SHOULD MAKE KIND REFERENCES IN PUBLIC TO OUR NEW, FRIENDLIER DIALOGUE WITH THE FRENCH, WE SHOULD ALSO NOT HESITATE TO MAKE IT CLEAR THAT A CHANGE

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IN STYLE DOES NOT BY ITSELF PROVIDE A CLOSE, COOPERATIVE RELATIONSHIP. ON THE CONTRARY, THE U.S. WILL CONTINUE TO DEFEND ITS INTERESTS WITH VIGOR. FOR EXAMPLE, I HAVE STAUNCHLY ADVOCATED, IN BOTH PUBLIC

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AND PRIVATE STATEMENTS SINCE MY ARRIVAL, THE U.S. RIGHT TO COMPETE FOR THE F-104 REPLACEMENT CONTRACT, WHILE IN THE SAME BREATH PRAISING THE SPIRIT OF MARTINIQUE.

D. WE SHOULD TAKE ADVANTAGE OF FRANCE'S DESIRE THAT EUROPE ENLARGE ITS POLITICAL EXISTENCE BY ENCOURAGING THE EC-9 TO SEEK A SUBSTANTIVE ROLE IN THE IBERIAN PENINSULA WHERE THE U.S. ABILITY TO INFLUENCE TRANSITION APPEARS TO BE LIMITED. THIS IS AN AREA WHERE THE FRENCH DESIRE FOR EUROPEAN LEADERSHIP APPEARS TO BE POTENTIALLY ADVANTAGEOUS TO OUR INTERESTS.

E. FINALLY, IT IS IMPORTANT THAT WE CONTINUALLY KEEP ALERT TO THE IMPACT ON FRENCH INTERNAL DEVELOPMENTS OF U.S. POLICIES. IN VIEW OF THE DISTURBING TRENDS WE SEE IN SOUTHERN EUROPE, IT WOULD SEEM EMINENTLY IN OUR INTEREST TO CONTRIBUTE TO THE SUCCESS OF GISCARD'S ATTEMPT TO BRING CHANGE WITHOUT REVOLUTION. I BELIEVE WE CAN MAKE SUCH A CONTRIBUTION WITHOUT SACRIFICING ANY OF OUR VITAL INTERESTS BY COOPERATING WHENEVER WE CAN IN KEEPING OPEN DISAGREEMENT TO A MINIMUM, BY DEMONSTRATING TO THE FRENCH THAT WE SUPPORT A UNITED EUROPE AND THE EUROPEAN COMMUNITIES, AND BY PLAYING IN THE LOWEST POSSIBLE KEY INCREASING FRENCH COOPERATION WITH NATO. AT THE SAME TIME, WE MUST KEEP OUR LONG-TERM INTERESTS APPROPRIATELY HEDGED THROUGH A QUIET INTENSIFICATION OF OUR CONTACTS WITH THE FRENCH SOCIALISTS WHO MAY EVENTUALLY NEED OUR HELP IN DOMINATING THE FRENCH COMMUNIST PARTY IF THE LEFT SHOULD COME TO POWER.

PART II - SPECIFIC POLICY OBJECTIVES

4. EUROPE: SUPPORT FOR A STRENGTHENED COMMUNITY

THE GISCARD PRESIDENCY HAS BROUGHT A NEW IMPULSE TO THE CONSTRUCTION OF EUROPE. GISCARD SEEMS TO BELIEVE IN A POLITICALLY UNITED EUROPE AND IS WILLING TO MOVE THE EC IN THAT DIRECTION. MOREOVER, HE HAS ABANDONED THE GAULLIST TACTIC OF POSING THE UNITED STATES AS THE PRINCIPAL ENEMY OF EUROPEAN UNIFICATION.

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FRANCO-AMERICAN CONSULTATIONS ON COMMUNITY MATTERS HAVE IMPROVED CONSIDERABLY IN TONE AND IN SUBSTANCE SINCE GISCARD'S ELECTION. OUR CONSULTATIONS WITH THE FRENCH DURING THEIR EC PRESIDENCY WERE MORE SATISFACTORY THAN THEY WOULD HAVE BEEN UNDER EARLIER FIFTH REPUBLIC REGIMES. RECENT CHANGES IN SOME KEY PERSONNEL AT THE QUAI PROMISE TO IMPROVE STILL FURTHER THIS CONSULTATIVE PROCESS ON EC (AND OTHER) MATTERS. (IN ONE CASE, BRUNET'S REPLACEMENT BY FROMENT-MEURICE, THE CHANGE MAY AUGUR MORE DIFFICULT RELATIONS IN THE ECONOMIC AREA, HOWEVER.)

WHILE THE CONSULTATIVE PROCESS HAS IMPROVED, SUBSTANTIVE ISSUES REMAIN. ON THE POLITICAL SIDE, WE WILL NEED TO WORK WITH FRANCE TO INSURE THAT POTENTIALLY DIVISIVE SUBJECTS SUCH AS THE EURO-ARAB DIALOGUE AND EC PREPARATIONS FOR THE ENERGY CONFERENCE DO NOT HAMPER OUR EFFORTS TO SECURE PEACE IN THE MIDDLE EAST. ON THE ECONOMIC SIDE, WE SHOULD CONTINUE OUR CAMPAIGN AGAINST NEW EC PREFERENTIAL TRADING ARRANGEMENTS WHICH FRANCE IS INCLINED TO FAVOR, FOR EXAMPLE, WITH IRAN. WE SHOULD ALSO CONSULT REGULARLY WITH FRANCE ON PROGRESS IN THE MTN, ESPECIALLY WITH A VIEW TO MOVING THE EC TOWARD A MORE LIBERAL POLICY IN AGRICULTURE--AN UPHILL STRUGGLE.

5. THE ALLIANCE: IMPROVED COOPERATION WITH NATO

FRANCE'S MILITARY COOPERATION WITH NATO CONTINUED TO IMPROVE IN IMPORTANT BUT LOW-VISIBILITY WAYS. THE FRENCH HAVE AGREED TO EXTEND FRENCH/NATO CONTINGENCY PLANNING FROM THE CORPS TO THE ARMY LEVEL. THE SCOPE OF THIS CONTINGENCY PLANNING SHOULD CONTINUE TO GROW UNDER THE GISCARD REGIME. FOR EXAMPLE, FRANCE MAY BE READY TO DISCUSS FRENCH/NATO COOPERATION ON TACTICAL NUCLEAR WEAPONS. TO ENABLE GISCARD TO CONTINUE THIS POLICY OF CLOSER COOPERATION WITH NATO ON A CASE-BY-CASE BASIS, WE MUST INSURE MINIMUM PUBLICITY AND LET GISCARD SET THE PACE. SHOULD THIS COOPERATION BECOME TOO VISIBLE, OR SHOULD NATO (OR THE US) SEEK TO

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ACCELERATE FRANCE'S COOPERATION WITH NATO TOO RAPIDLY,
GISCARD COULD BE FORCED TO REVERSE TODAY'S FAVORABLE
TRENDS IN RESPONSE TO THE DOMESTIC POLITICAL PRESSURES
THAT OPPOSE HIS POLICY OF A PRAGMATIC "RECONCILIATION"

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WITH NATO.

FRANCE ALSO SEEMS LESS RIGID IN ITS PARTICIPATION IN NATO'S POLITICAL AGENDA. MUCH OF THE STUBBORN OPPOSITION TO A BROADENED DEFINITION OF WHAT NATO SHOULD APPROPRIATELY DISCUSS APPEARS TO BE RELAXING. HERE AGAIN, CAREFUL ATTENTION TO PROTECTING THE "LOW VISIBILITY," AND TO PERMITTING THE FRENCH TO SET THE PACE OF THEIR EVOLUTION, WILL BE REQUIRED. WE SHOULD CONTINUE OUR PREVIOUS COURSES OF ACTION.

6. THE MIDDLE EAST: MINIMIZING FRENCH INTERFERENCE

ON THE ASSUMPTION THAT THERE WILL CONTINUE TO BE BASIC DISAGREEMENT BETWEEN THE U.S. AND FRANCE BECAUSE OF DIFFERING NATIONAL INTERESTS IN THE MIDDLE EAST, WE SET OURSELVES IN 1974 THE MODEST AIMS OF (1) EXPLAINING OUR POSITION ON THE AREA TO THE FRENCH AND TRYING TO SECURE THEIR COOPERATION WHERE POSSIBLE, AND (2) ENDEAVORING TO FIND WAYS BY WHICH FRANCE'S EUROPEAN ALLIES MIGHT FAVORABLY INFLUENCE FRENCH POLICY OR, IF THAT PROVED IMPOSSIBLE, MIGHT BE ENCOURAGED TO HELP BLOCK FRENCH OBSTRUCTIVENESS. IN NO SMALL PART BECAUSE OF THE SUBTLE CHANGES BROUGHT TO FRENCH POLICY BY PRESIDENT GISCARD (REF B), WE HAVE HAD SOME SUCCESS IN OUR ENDEAVOR TO ENCOURAGE A CONSTRUCTIVE FRENCH ROLE IN THE MIDDLE EAST.

THE GISCARD ADMINISTRATION DID NOT BELITTLE THE SECRETARY'S STEP-BY-STEP APPROACH AS DID ITS PREDECESSOR, AND HAS EMPHASIZED FRENCH SUPPORT FOR ISRAEL'S EXISTENCE, NEW TACKS ATTRIBUTABLE NOT ONLY TO THE NEW GISCARDIAN APPROACH BUT ALSO TO OUR EFFORTS QUIETLY TO PERSUADE THE FRENCH (AND THEIR ALLIES) TO AVOID INTERFERING WITH OUR SETTLEMENT EFFORTS. WHILE OUR VIEWS ON THE PLO EXPRESSED DIRECTLY TO THE FRENCH DID NOT DETER THEM FROM PRESSING THE PLO CAUSE, OUR EFFORTS WITH OTHER EUROPEANS HELPED IN OBTAINING USEFUL FRENCH CONCURRENCE IN AN EC ABSTENTION TO THE PALESTINIAN RESOLUTION AT THE UNGA LAST FALL. MEANWHILE, THE BLATANTLY POLITICAL CHARACTER OF PLO PARTICIPATION HAS BECOME CLEARER, AND THE POTENTIAL

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TIALLY HARMFUL EURO-ARAB DIALOGUE DEAR TO FRENCH HEARTS APPEARS STALLED.

WE BELIEVE THAT THE CURRENT POLICY OF PATIENTLY

TRYING TO PERSUADE THE FRENCH OF THE POSSIBILITIES OF OUR MIDDLE EAST EFFORTS AND OF WORKING ON THE FRENCH THROUGH THEIR EC PARTNERS WILL CONTINUE TO BE OUR BEST TACTIC IN 1975.

7. ASIA: LITTLE CHANGE IN FRENCH POLICY UNDER GISCARD

FRANCE'S RELATIONS WITH ASIA HAVE CONTINUED ON A COURSE COMPATIBLE WITH AND SOMETIMES SUPPORTIVE OF U.S. INTERESTS. FRANCE'S RELATIONS WITH THE PRC HAVE REMAINED GOOD, AND TO DATE THE DOCTRINAIRE GAULLIST WARNINGS OF "THE DUAL HEGEMONY" HAVE NOT AFFECTED US/PRC RELATIONS. FRANCE HAS CONTINUED TO SUPPORT THE TWO VIETNAMS PRETTY MUCH EVENHANDEDLY BOTH POLITICALLY AND ECONOMICALLY. ALTHOUGH ACCEPTING A NAME CHANGE FOR THE PRG REPRESENTATION IN FRANCE, THE GOF HAS REFUSED A FORM OF RECOGNITION OF THE PRG WHICH WOULD IMPLY ACCEPTANCE OF "A THIRD VIETNAM." FRANCE CONTINUED ITS POLICY OF COOLNESS TOWARD THE GOVERNMENT OF THE KHMER REPUBLIC; GOF ABSTENTION ON CAMBODIAN VOTES IN INTERNATIONAL FORA WAS PREDICTABLE BUT NOT HELPFUL. THE GOF HAS ATTEMPTED TO HELP IN REACHING A POLITICAL SOLUTION IN CAMBODIA BUT HAS BEEN UNABLE TO SHOW CONCRETE RESULTS.

THE APRIL/MAY VISIT TO FRANCE OF THE PRC DEPUTY PRIME MINISTER, TENG HSIAO-P'ING, WILL PERMIT THE HIGH-LEVEL PERSONAL CONTACT WHICH GISCARD THINKS IMPORTANT IN RELATIONS WITH CHINA AND WILL CLEAR THE WAY FOR A PRESIDENTIAL VISIT TO CHINA, PERHAPS LATER IN THE YEAR OR EARLY IN 1976. ALTHOUGH THERE WILL PROBABLY BE NO SPECTACULAR ALTERATION IN FRANCO-CHINESE RELATIONS, GISCARD'S RELATIONS WITH PRC LEADERS WILL PROBABLY BE IN AMERICAN AS WELL AS FRENCH INTERESTS SINCE THEY WILL SUPPORT THE CURRENT PRC POLICY OF MODERATION IN RELATIONS

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WITH THE WEST. CHANGING CIRCUMSTANCES IN INDOCHINA MAY
MAKE FOR GREATER FRANCO-US PROBLEMS CONCERNING VIETNAM
AND CAMBODIA. WHILE THE PREVIOUS FRENCH PARTIALITY
TOWARD HANOI WILL PROBABLY NOT BE REINSTATED, THE
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FRENCH MAY ADOPT A MORE FAVORABLE POSITION TOWARD THE
PRG AND PARTICULARLY THE KHMER COMMUNISTS IN AN EFFORT
TO PROMOTE "POLITICAL SOLUTIONS" AND PRESERVE, IF NOT
ENHANCE, THE FRENCH ROLE IN INDOCHINA. TO PLAY A ROLE
IN A CAMBODIAN SOLUTION, FRANCE WILL PROBABLY INTENSIFY

ITS CONTACTS WITH SIHANOUK AND OTHERS TO PUSH THE IDEA OF A "POLITICAL EVOLUTION." ALTHOUGH THE FRENCH POLICY WILL NOT BE DESIGNED TO TAKE ISSUE WITH THE U.S., THE FRENCH MAY NOT CONSULT WITH US NOR HAVE THEIR PROPOSALS PARALLEL OUR OWN. WE MUST EXPECT SOME MOMENTS OF FRICTION.

IN THE CASE OF THE PRC WE SHOULD ATTEMPT TO CONTINUE OUR PERIODIC CONSULTATIONS CONCERNING THE EVOLUTION IN CHINA AND MAKE SURE THAT FRENCH EFFORTS AND OUR OWN SUPPORT THE PRC'S MODERATE LEADERS AND POLICIES. IN THE EVENT OF A SUCCESSION CRISIS, WE SHOULD INTENSIFY OUR COORDINATION WITH FRANCE AS WELL AS OTHER FRIENDLY GOVERNMENTS. WHILE EXPECTING FRENCH VIEWS AND ACTIONS CONCERNING VIETNAM AND CAMBODIA TO BE DIFFERENT FROM-- AND OCCASIONALLY ANTAGONISTIC TO--OUR OWN, WE SHOULD CONTINUE TO ATTEMPT TO INFLUENCE THE FRENCH ROLE, IF ONLY TO REDUCE ITS NUISANCE VALUE.

8. EAST-WEST RELATIONS: DETENTE IS COMPATIBLE WITH GISCARD'S GAME PLAN

ALTHOUGH GISCARD HAS EMBRACED THE GAULLIST PURSUIT OF A "SPECIAL" FRENCH RELATIONSHIP WITH MOSCOW, WARSAW AND THE OTHER EASTERN EUROPEANS, HE IS DOING IT LESS STRIDENTLY, AND WITH GREATER CONCERN FOR THE VIEWS OF THE U.S. AND HIS EC-9 PARTNERS. REFERENCES TO "SUPER-POWER CONDOMINIUM" HAVE DISAPPEARED FROM OFFICIAL FRENCH RHETORIC, AND MUCH OF THE EARLIER RESISTANCE TO CSCE HAS BEEN REVERSED. CONSULTATIONS BETWEEN FRANCE AND HER WESTERN ALLIES ON EAST-WEST SUBJECTS HAVE IMPROVED UNDER GISCARD.

GOF MOTIVATION IN THIS AREA IS CONSISTENT WITH ALL OF THE IMPERATIVES CITED IN PART I ABOVE. SUPPORT OF DETENTE AND CSCE CAN ENHANCE COMMERCIAL OPPORTUNITIES
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IN EASTERN EUROPE. ABANDONMENT OF THE CONDOMINIUM THESIS ELIMINATES ANOTHER AREA OF FRICTION IN FOREIGN AFFAIRS. INTENSIFIED CONSULTATIONS WITH THE EC-9 BUILDS UP EUROPE'S POLITICAL ROLE. CLOSER CONCERNATION WITH THE U.S. PROJECTS AN IMAGE OF GREATER FRENCH INFLUENCE OVER STRATEGIC DEVELOPMENTS THAN DID POMPIDOLIAN CYNICISM.

IN VIEW OF THE FOREGOING, U.S. OBJECTIVES SHOULD BE TO:

QUIETLY BUT CONSISTENTLY RECOGNIZE AND ENCOURAGE

CONSTRUCTIVE FRENCH CONTRIBUTIONS TO THE EAST-WEST
PROCESS IN CSCE AND OTHER SECTORS;

MAKE CONSCIOUS EFFORTS TO RECIPROCATATE AND FURTHER
STIMULATE FRENCH INTEREST IN IMPROVED CONSULTATIONS IN
THE EAST-WEST FIELD;

EXPLOIT THE FRENCH DESIRE FOR DIALOGUE TO ENCOURAGE
CONCERTATION ON POST-CSCE INITIATIVES AND PROBLEMS;

CONTINUE TO TRY TO DRAW THE FRENCH INTO EAST-WEST
DISARMAMENT DISCUSSIONS AS MUCH AS POSSIBLE.

9. DEFENSE: IMPROVING FRANCE'S POSTURE

PROGRESS HAS BEEN MADE OVER THE COURSE OF THE LAST
TWELVE MONTHS IN FULFILLING OUR DEFENSE POLICY OBJECTIVES
IN FRANCE. GISCARD HAS MOVED MORE SLOWLY IN THE DEFENSE
FIELD THAN IN OTHER AREAS, BUT BASICALLY THE PRESIDENT
HAS SOUGHT TO REMOVE THE IRRITANTS BOTH WITHIN THE ARMED
FORCES AND IN MILITARY RELATIONSHIPS WITH OTHER COUN-
TRIES, PURSUING INCREASED COOPERATION WHILE PRESERVING
FRENCH NATIONAL INDEPENDENCE. THE FRENCH UNDER GISCARD
HAVE SHOWN AN INCREASED READINESS TO ENGAGE IN PRACTICAL
MILITARY COOPERATION WITH THE U.S. FOR EXAMPLE, FRANCE'S
OFFER TO SETTLE THE FRELOC CLAIM HAS MARKED A MORE

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COOPERATIVE STANCE. THE FAVORABLE POLICY CLIMATE HAS
PERMITTED EXISTING TECHNICAL AGREEMENTS TO FUNCTION
SMOOTHLY. NEARLY 100 DATA EXCHANGE AGREEMENTS CONTINUE
IN EFFECT WITH VARYING INTENSITIES. THE OVERFLIGHT

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AGREEMENT HAS CONTINUED TO PERMIT SOME 17,000 TRANSITS
ANNUALLY. THERE WERE NEARLY 100 U.S. NAVAL SHIP VISITS
TO FRENCH PORTS IN 1974.

ON THE INTERNAL DEFENSE POLICY SCENE, FRANCE CON-
TINUES TO MODERNIZE NUCLEAR CAPABILITIES BY PUSHING
FORWARD PLANS TO GIVE FRANCE A MULTIPLE WARHEAD CAPABIL-
ITY BY THE EARLY 1980'S. LAST MAY THE FRENCH ARMY ACTI-
VATED ITS FIRST TACTICAL NUCLEAR MISSILE (PLUTON) UNIT.
THIS NEW WEAPON SYSTEM ADDS TO FRANCE'S DETERRENT
CAPABILITY BUT ALSO ADDS SOME SIGNIFICANT FOREIGN
POLICY PROBLEMS. IN ADDITION TO FORCE MODERNIZATION
MEASURES, FRANCE HAS UNDERTAKEN A SERIES OF STEPS TO
GRAPPLE WITH DISCONTENT WITHIN THE ARMED FORCES.

IN VIEW OF THE PROGRESS MADE TOWARD OUR POLICY
OBJECTIVES DURING THE PAST YEAR, WE SHOULD MAINTAIN THE
SAME GOALS AND EMPHASIS IN DEALING WITH FRANCE ON DEFENSE
MATTERS.

10. ENERGY: EDGING THE FRENCH CLOSER TOWARD CONSUMER

SOLIDARITY

OUR OBJECTIVE HAS BEEN TO ALIGN FRENCH ENERGY POLICY WITH THAT OF THE USG AND IEA AND TO LIMIT, AS FAR AS POSSIBLE, THE FRENCH DESIRE TO PLAY AN INDEPENDENT ROLE IN THE COMING NEGOTIATIONS BETWEEN OIL EXPORTERS AND IMPORTERS.

THE PAST YEAR HAS SEEN BOTH CHANGE AND CONTINUITY IN FRENCH ENERGY POLICY, WITH THE GENERAL TREND OF THE GISCARD GOVERNMENT HAVING BEEN TOWARD A MORE PRAGMATIC AND OPEN-MINDED ATTITUDE TOWARD OIL CONSUMER COOPERATION THAN THAT OF POMPIDOU. THE GOF'S RECOGNITION THAT OIL CONSUMERS HAVE IMPORTANT ECONOMIC INTERESTS IN CLOSE COOPERATION AND POLICY COORDINATION HAS BEEN REINFORCED DURING THE YEAR AS IT HAS BECOME CLEAR THAT SUCH COOPERATION IN THE US-LED IEA HAS BEEN BOTH PRODUCTIVE AND NOT NECESSARILY DIRECTED TOWARD CONFRONTATION WITH THE OIL PRODUCERS AND LDC'S. NONETHELESS, THE GOF'S CONTINUED REFUSAL TO JOIN THE IEA ILLUSTRATES THE DEGREE TO WHICH
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FRANCE REMAINS CONCERNED TO PROTECT ITS PERCEIVED POSITION WITH THE OIL PRODUCERS AND OTHER LDC'S; THE GOF CONSEQUENTLY CONTINUES TO DIFFER WITH US ON SUBSTANTIAL ELEMENTS OF THE TACTICS AND CONTENT OF A PRODUCER-CONSUMER DIALOGUE.

IN ORDER TO FURTHER THE OBJECTIVES CITED ABOVE, DURING THE NEXT TWELVE MONTHS THE U.S. SHOULD:-

ENCOURAGE INCREASING FRENCH ASSOCIATION WITH THE IEA. THE PRINCIPAL INCENTIVE TO THIS WILL CONTINUE TO BE THE FURTHER DEVELOPMENT OF THAT ORGANIZATION AS THE MOST IMPORTANT FORUM FOR CONSUMER SOLIDARITY, POLICY COORDINATION, AND THE DISCOVERY OF PRAGMATIC SOLUTIONS TO THE BASIC PROBLEMS OF ENERGY. THE FRENCH MAY, HOWEVER, RESIST THIS TREND ON OCCASION, FOR EXAMPLE BY SEEKING TO RETAIN A POLICY ROLE FOR OECD ENERGY BODIES OUTSIDE THE IEA. WHILE CONTINUING TO BAR THE FRENCH FROM THE PRAGMATIC BENEFITS OF THE IEA IN THE CONTEXT OF CRISIS SHARING AND R&D AS AN INCENTIVE TO THEIR EVENTUAL ADHERENCE, WE SHOULD NEVERTHELESS BE PREPARED TO COMPROMISE WITH THEM IN LESS SUBSTANTIVE AREAS WHEN NECESSARY IN PREFERENCE TO DRIVING THEM INTO AN EXTREME CORNER OF OPPOSITION TO THE IEA.

ENCOURAGE THE CONTINUED DEVELOPMENT OF FRENCH ENERGY POLICIES WHICH PARALLEL OR SPECIFICALLY COMPLEMENT THE WORK OF THE IEA, E.G., CONSERVATION, OIL

IMPORT LIMITATIONS, MINIMIZING BILATERAL OIL PURCHASE
AGREEMENTS, ETC.

CONSULT CLOSELY, WITH THE AIM OF COORDINATING
POLICY AND TACTICS BEFORE AND DURING THE PRODUCER-
CONSUMER NEGOTIATIONS. GIVEN THE GOF'S DESIRE FOR A
PRODUCER-CONSUMER CONFERENCE, WE CAN USE OUR POTENTIAL
TO OBSTRUCT ARRANGEMENTS AS LEVERAGE TO GAIN FRENCH
SUPPORT FOR OR ADHERENCE TO IEA-DESIRED COURSES OF
ACTION.

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CONSULT WITH GOF OFFICIALS ON OTHER INTERNATIONAL
ECONOMIC ISSUES UNDER DISCUSSION IN THE UN AND ELSE-
WHERE. THE POTENTIAL FOR INDEPENDENT FRENCH ACTION IN
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THE NEGOTIATIONS BETWEEN OIL IMPORTERS AND EXPORTERS
WILL BE SIGNIFICANTLY INCREASED IF THE GOF VIEWS OVER-
ALL LDC-DC RELATIONS AS IN CONFRONTATION. CLOSE COOR-
DINATION OF USG-GOF POSITIONS WHERE POSSIBLE CAN HELP
REDUCE THIS PROBLEM.

11. MONETARY POLICY: THE TRENDS ARE POSITIVE

OUR OBJECTIVE HAS BEEN TO SUSTAIN FRENCH SUPPORT
FOR MEASURES DESIGNED TO ESTABLISH FINANCIAL SOLIDARITY
AMONG OIL-CONSUMING COUNTRIES AND FOR MAINTAINING A
MAXIMUM DEGREE OF FLEXIBILITY AND PRAGMATISM IN THE
OPERATION OF THE INTERNATIONAL MONETARY SYSTEM.

IN THE PAST NINE MONTHS THE GOF STANCE ON SEVERAL
IMPORTANT INTERNATIONAL MONETARY ISSUES HAS BEEN IN
ACCORD WITH OURS, DESPITE UNDERLYING DIFFERENCES IN
PHILOSOPHY OR MOTIVATION. WHERE OUR VIEWS REMAIN
OPPOSED, THE WILL TO COMPROMISE OR AT LEAST PAPER OVER
DIFFERENCES HAS HELD THE UPPER HAND OVER TENDENCIES TO
CONFRONTATION. FRANCE SUPPORTED THE U.S. SOLIDARITY
FUND PROPOSAL, EVEN IN THE FACE OF GERMAN RELUCTANCE.
FRANCE HAS MAINTAINED ITS ADHERENCE TO THE OECD TRADE
PLEDGE (ALTHOUGH OPPOSING THE IMF PLEDGE) AND HAS NOT
IMPOSED NEW RESTRICTIONS ON TRADE OR CAPITAL MOVEMENTS.
WHILE THE DOWNWARD FLOAT OF THE DOLLAR HAS CAUSED THE
FRENCH TO REKINDLE THEIR TRADITIONAL ENTHUSIASM FOR
"MONETARY STABILITY" AND SOME FORM OF EUROPEAN CURRENCY
ALIGNMENT, THERE HAS BEEN NO OCCASION FOR FRENCH MONE-
TARY VIEWS TO COME INTO COLLISION WITH OURS. FRANCE
CONTINUES TO ADVOCATE THE COMPLETE FREEDOM OF CENTRAL
BANKS TO BUY AND SELL GOLD BUT SEEMS RESIGNED THAT THIS
FORMER PRIVILEGE WILL HAVE TO REMAIN LIMITED FOR THE
NEXT YEAR OR TWO.

THE BASIS OF OUR POLICY TOWARD FRANCE ON INTER-
NATIONAL MONETARY QUESTIONS SHOULD BE THE ENCOURAGEMENT

OF THE POSITIVE TRENDS NOTED ABOVE--AGREEMENT WHERE POSSIBLE, PRAGMATIC EFFORT AT COMPROMISE WHERE IT IS NOT.

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WE SHOULD MAKE STRONG EFFORTS, AND MINOR CONCESSIONS IF NECESSARY, TO OBTAIN FRENCH ADHERENCE TO OIL-CONSUMER SOLIDARITY MEASURES IN THE FINANCIAL REALM.

ON MONETARY REFORM, WE SHOULD SEEK TO PERSUADE THE FRENCH THAT EXISTING AGREEMENTS (OR AGREEMENTS TO DIS-AGREE) ON INTERNATIONAL MONETARY ARRANGEMENTS ARE THE BEST OBTAINABLE AND THE MOST APPROPRIATE IN THE PRESENT SITUATION. WE SHOULD PURSUE OUR VIEWS ON THE SDR-AID LINK AND TRUST FUND WITH THE FRENCH, WHILE REALIZING IT WILL BE EASIER TO OBTAIN CONTINUED INACTION ON THE FIRST THAN GOF ACQUIESCENCE TO USE OF IMF GOLD STOCKS TO HELP FINANCE THE SECOND.

FRANCE SHOULD BE ENCOURAGED TO MAINTAIN ITS PRESENT FLEXIBLE APPROACH ON QUESTIONS OF CAPITAL MOVEMENTS. DOMESTICALLY, ITS CONTINUED OPENNESS TO FOREIGN INVESTMENT SHOULD BE ENCOURAGED. IN THE OECD, FRANCE SHOULD BE PERSUADED THAT PROBLEMS OF INCENTIVES AND DISINCENTIVES AND THE NEED TO INSURE NATIONAL TREATMENT FOR INVESTORS SHOULD BE PURSUED WITHOUT DELAY OR AN OVERLY RIGID EMPHASIS ON PARALLELISM.

WE SHOULD CONTINUE THE PRACTICAL APPROACH WHICH CLEARED THE WAY FOR FRANCE TO REVALUE ITS OFFICIAL GOLD RESERVES. THIS SORT OF PLAY IS THE BEST MEANS OF ASSURING DE FACTO GOF ACQUIESCENCE IN THE INEVITABLE TREND OF DIMINISHING THE MONETARY IMPORTANCE OF METAL.

12. TRADE POLICY: BUILD ON LAST YEAR'S PROGRESS

OUR OBJECTIVE IS TO HAVE FRENCH INFLUENCE IN THE EUROPEAN COMMUNITY EXERTED ON BEHALF OF LIBERAL AND CONSTRUCTIVE POLICIES IN THE MULTILATERAL TRADE NEGOTIATIONS. WE ALSO WANT TO KEEP PRESSURE ON FRANCE TO REDUCE BILATERAL NON-TARIFF BARRIERS TO TRADE WITH THE U.S.

PROGRESS IN OBTAINING TRADE LEGISLATION DEPENDED

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IN GREAT PART ON PROGRESS IN CONCLUDING THE GATT ARTICLE

XXIV:6 NEGOTIATION WITH THE EC. FRANCE WAS THE KEY TO A SUCCESSFUL NEGOTIATION. EFFORTS WERE CONCENTRATED ON INFLUENCING THE FRENCH TO MOVE AHEAD ON THE XXIV:6

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ISSUES, AND WE BELIEVE OUR WORK WAS HELPFUL IN OBTAINING THE DESIRED RESULTS. SIMILARLY, WE TRIED TO INFLUENCE FRENCH POSITIONS IN BRUSSELS WITH THE AIM OF OBTAINING A FLEXIBLE EC MANDATE FOR THE MTN. FREQUENT CONTACTS ENABLED US TO KEEP WASHINGTON INFORMED ABOUT THE EVOLUTION OF FRENCH THINKING ON MTN QUESTIONS.

NOW THAT THE MTN IS UNDER WAY, THE EMBASSY IS PREPARED TO WEIGH IN TO SUPPORT THE U.S. DELEGATION ON BOTH PROCEDURAL AND SUBSTANTIVE ISSUES WHICH MAY ARISE. FRENCH ATTITUDES ON THE CONDUCT OF MTN NEGOTIATIONS IN AGRICULTURE WILL BE A CONTINUING PROBLEM. IN PARTICULAR, FRANCE WILL INSIST THAT INTERNATIONAL ARRANGEMENTS REGARDING GRAIN RESERVES SHOULD BE MADE IN THE MTN CONTEXT. THUS WE SHOULD KEEP PRESSURE ON FRANCE TO WORK TOWARD PRAGMATIC SOLUTIONS. WE SHOULD ALSO REMAIN ALERT TO THE POSSIBILITY OF AN INTENSIFICATION OF DISCRIMINATORY PRACTICES IN GOVERNMENT PROCUREMENT. WHEREVER THERE ARE NTB'S WHICH TROUBLE U.S.-FRENCH COMMERCIAL RELATIONS, THE EMBASSY WILL BE PREPARED TO WORK FOR THEIR REMOVAL.

13. AID POLICY: CONTINUED OPPORTUNITIES FOR USEFUL COOPERATION

THE USG STRATEGY IN WEST AFRICA HAS BEEN TO SERVE AS A CATALYST IN INFLUENCING OTHER DONOR PARTICIPATION. WE ARE, AT LEAST TEMPORARILY, A LEADING DONOR IN THE SAHEL BUT WITH LIMITED EXPERIENCE IN THE AREA. COORDINATION WITH OTHER DONORS HAS BEEN THE KEY TO PURSUING THE U.S. OBJECTIVES. THEREFORE, WE WISH TO FURTHER ADVANCES MADE IN RECENT YEARS IN COORDINATING OUR AID POLICIES AND PROJECTS WITH FRANCE. U.S. AID HAS BECOME CONCENTRATED ON RURAL DEVELOPMENT, WHILE FRANCE IS SEEKING TO CONSOLIDATE ITS ACTIVITIES, TO INCREASE ITS AID TO MSA'S, AND TO INCREASE ITS PARTICIPATION IN LARGER, MULTI-DONOR SUPPORTED PROJECTS. THE CURRENT OBJECTIVE IS TO MAINTAIN THE MOMENTUM, CAPITALIZING ON OPPORTUNITIES FOR BROADER, MORE EFFECTIVE MULTI-DONOR PROGRAMS PRIMARILY RELATED TO RURAL DEVELOPMENT.

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LAST YEAR WAS ONE OF ACCOMPLISHMENT. THE JOINT US-FRENCH INITIATIVE TO REQUEST THE DAC CHAIRMAN TO BRING DAC MEMBER COUNTRIES TOGETHER AND THEN TO CONSULT WITH AFRICAN STATES AND ORGANIZATIONS ON THE CREATION OF A DONOR-COORDINATING LINK FOR LONG-TERM DEVELOPMENT AID TO THE SAHEL COUNTRIES WAS A MAJOR STEP. THE RESPONSE HAS BEEN FAVORABLE IN BOTH DONOR AND BENEFICIARY CAMPS.

FRENCH-US TALKS IN WASHINGTON IN JANUARY 1975 OUTLINED THE EXTENT OF PROGRESS IN AID COOPERATION AND OPENED NEW AVENUES TO BE EXPLORED IN THE COMING YEAR.

SEVERAL IMPORTANT JOINT ACTIONS IN FOOD PRODUCTION AND LIVESTOCK HAVE BEEN BROUGHT INTO BEING WHICH MAY BE EXPECTED TO LEAD TO SIZEABLE PARALLEL FINANCING IN THE NEAR FUTURE.

TO MAINTAIN THE MOMENTUM OF THIS FRUITFUL COLLABORATION, WE SHOULD:-

WORK CLOSELY WITH THE FRENCH TO PROVIDE LEADERSHIP IN MAKING THE PROPOSED "CLUB DES AMIS DU SAHEL" AN OPERATING SUCCESS CAPABLE OF SUBSTANTIVE ACHIEVEMENTS.

AUGMENT INFORMATION EXCHANGE/AID COORDINATION AND PARALLEL PLANNING PARTICIPATION IN IMPORTANT INITIATIVES, ESPECIALLY IN THE SAHEL STATES AND OTHERS AFFECTED BY DROUGHT. OPPORTUNITIES APPEAR MOST PROMISING IN NATURAL RESOURCE INVENTORY AND EVALUATION, RESEARCH, FOOD PRODUCTION AND LIVESTOCK, RIVER BASIN DEVELOPMENT AND LARGE SECTOR INITIATIVES WHICH MAY BE TRATED IN A MULTI-DONOR FRAMEWORK.

14. ARMS CONTROL AND DISARMAMENT: FRANCE MAY BECOME MORE RECEPTIVE

THE FRENCH ARE PLEDGED TO SUPPORT GENERAL DISARMAMENT EFFORTS THAT ARE NOT SKEWED TO FRANCE'S DISADVANTAGE. NEVERTHELESS, FRANCE HAS CHOSEN TO REMAIN OUTSIDE THE

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PRINCIPAL MULTILATERAL ARMS CONTROL NEGOTIATIONS: CCD,
MBFR AND NPT. THE FRENCH VIEW THE CCD AS A GENERALLY
INEFFECTIVE INSTRUMENT CONTROLLED BY THE US AND USSR AND
DESIGNED BY THE SUPERPOWERS TO GIVE THE APPEARANCE OF
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MOVEMENT ON ARMS CONTROL WHILE THEY CONTINUE TO FOLLOW NATIONAL POLICIES OF INCREASED ARMAMENTS. MOREOVER, FRENCH ATMOSPHERIC NUCLEAR TESTING PUT THE FRENCH IN AN UNCOMFORTABLE AND DEFENSIVE POSITION IN THE END. THE FRENCH SEE MBFR AS A DANGEROUS EXCURSION THAT RISKS REDUCING THE WESTERN--AND PARTICULARLY THE EUROPEAN--DEFENSE EFFORT MUCH MORE THAN WARSAW PACT DEFENSES. THEY ALSO FEAR THAT AN MBFR AGREEMENT MAY GIVE THE SOVIET UNION AN INCREASED POLITICAL ROLE IN WESTERN EUROPE. FOR POLITICAL REASONS, THE FRENCH HAVE REFUSED TO SIGN THE NPT, ALTHOUGH THEY ARE CONCERNED BY THE DANGERS OF NUCLEAR PROLIFERATION.

WE ANTICIPATE NO CHANGE IN FRENCH POLICY ON MBFR AND WE SEE NOTHING THAT THE US CAN DO TO AFFECT THIS. WE HAVE SOME INDICATIONS, HOWEVER, THAT GISCARD IS PERSONALLY CONCERNED BY THE DANGERS OF ACCELERATING LEVELS OF ARMAMENT OF NUCLEAR PROLIFERATION. WHETHER THIS WILL LEAD HIM TO PARTICIPATE IN MULTILATERAL EFFORTS TO CONTROL THESE TWIN DANGERS REMAINS UNCLEAR. NEVERTHELESS, WHAT THE FRENCH ARE UNPREPARED TO DO MULTILATERALLY MAY BE ACHIEVABLE--AT LEAST IN PART--THROUGH BILATERAL FRENCH/US COOPERATION, PARTICULARLY REGARDING THE PROBLEMS OF NUCLEAR PROLIFERATION. AT THE VERY LEAST, GISCARD WILL BE MORE INCLINED TO TAKE A FRESH LOOK AT THE OLD GAULLIST THEOLOGY CONCERNING ARMS CONTROL AND DISARMAMENT ISSUES.

WE SHOULD MAKE EVERY EFFORT TO DEMONSTRATE TO GISCARD THAT OUR POLICIES ON ARMS CONTROL, DISARMAMENT AND NONPROLIFERATION WILL STRENGTHEN, NOT WEAKEN, FRANCE'S SECURITY. FRANCO-AMERICAN BILATERAL CONTACTS PROVIDE THE BEST WAY TO COMMUNICATE THIS MESSAGE TO PARIS.

15. CULTURE AND INFORMATION: THE BICENTENNIAL TO THE FORE

DURING THE PAST YEAR THE GENERAL ATMOSPHERE IN THE CULTURAL AND INFORMATION AREAS VIS-A-VIS THE FRENCH GOVERNMENT AND PUBLIC HAS EVOLVED POSITIVELY. DOORS HAVE BEEN OPENING, ENABLING US TO DO MORE PROGRAMMING,
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AND IT HAS BEEN A MATTER OF ADJUSTING TO NEW OPPORTUNITIES AND CHOOSING THOSE WHICH BEST MEET OUR PROGRAM OBJECTIVES.

WITHOUT ANY DOUBT THE HIGH POINT OF THE YEAR WAS THE FRANKLIN-JEFFERSON EXHIBIT AT THE GRAND PALAIS.

DESIGNED BY CHARLES EAMES, SPONSORED BY THE AMERICAN REVOLUTION BICENTENNIAL ADMINISTRATION AND FINANCED PARTIALLY FROM A GRANT FROM IBM AND ADMINISTERED OVERSEAS BY USIA' THE EXHIBIT WAS OPEN FOR TWO MONTHS AND BROKE ALL RECORDS FOR A FOREIGN EXHIBIT IN FRANCE. BY OPENING THIS EXHIBIT--THE FIRST MAJOR BICENTENNIAL PROGRAM OUTSIDE OF THE UNITED STATES--IN PARIS, WE WERE ABLE TO DEMONSTRATE OUR DESIRE TO PAY TRIBUTE TO OUR MAJOR ALLY OF THE REVOLUTION, AND THIS HAD A HEAVY IMPACT ON THE FRENCH. PUBLICITY WAS WIDE AND POSITIVE. REACTION OF VISITORS WAS EVEN MORE POSITIVE, WITH MANY PEOPLE RETURNING TO VIEW THE EXHIBIT TWO AND THREE TIMES. THE EXHIBIT ALSO PROVIDED AN ADDED FILLIP TO PRESIDENT GISCARD'S POLICY DIRECTIVE THAT FRANCE SEEK TO MAKE A MAJOR NATIONAL CONTRIBUTION TO THE AMERICAN CELEBRATIONS.

OTHER POSITIVE DEVELOPMENTS HAVE INCLUDED A DECISION BY THE SECRETARY OF STATE FOR HIGHER EDUCATION TO EXPAND UNIVERSITY EXCHANGES; A HIGHLY SUCCESSFUL SERIES OF SPECIALIZED BRIEFINGS FOR PRESS, STUDENTS AND PARLIAMENTARIANS UTILIZING RESOURCES AVAILABLE BOTH AT THE MISSION AND AMONG VISITING DIGNITARIES; A NOTICEABLE INCREASE IN OBJECTIVITY TOWARD THE U.S. IN THE FRENCH MEDIA; A PROLIFIC LEVEL OF PROGRAMS AT THE PARIS CULTURAL CENTER AND IN PROVINCIAL CITIES; A GOF-SPONSORED SERIES OF TWELVE ONE-DAY SEMINARS IN CONTEMPORARY AMERICAN CIVILIZATION FOR SECONDARY SCHOOL TEACHERS OF ENGLISH WITH SUBSTANTIAL ASSISTANCE FROM USIS; AND FORTY-NINE IV GRANTS FOR THE YEAR ADJUDGED OF EXCELLENT QUALITY BY CU.

FOR THE NEXT TWELVE MONTHS OUR PROSPECTS ARE BRIGHT. UNLESS THERE ARE MAJOR POLITICAL CHANGES WE CAN EXPECT

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CONTINUING POSITIVE COOPERATION FROM FRENCH OFFICIALDOM.

THE ONUS IS ON US TO USE OUR RESOURCES EVEN MORE EFFEC-

TIVELY. WE MUST MAKE GREATER EFFORTS IN THE UNIVERSI-

TIES THROUGHOUT FRANCE. THROUGH THE FRANCO-AMERICAN

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COMMISSION ON EDUCATIONAL EXCHANGE AND WITH THE COOPERA-

TION OF THE MINISTRY OF HIGHER EDUCATION, WE CAN DEVELOP

THE UNIVERSITY EXCHANGES WHICH BOTH GOVERNMENTS DESIRE,

AND DEVELOP MEANS OF GETTING MORE DEEPLY INVOLVED IN

THE UNIVERSITIES ON A MORE DIRECT BASIS.

GENERAL PROGRAMMING AND MEDIA LIAISON WILL GO ON AS

BEFORE WITH A MAJOR DIFFERENCE: THE BICENTENNIAL. THE FRENCH WISH TO MAKE A MAJOR CONTRIBUTION TO OUR CELEBRATIONS. HOW TO BRING TOGETHER THE MAJOR GROUPS, BOTH OFFICIAL AND UNOFFICIAL, WILL BE A LARGE PART OF OUR WORK. THE MINISTRY OF CULTURE HAS SPECIFIC PROJECTS IN MIND WHICH ARE SOMEWHAT DIFFERENT FROM THOSE OF THE OFFICIAL FRENCH BICENTENNIAL COMMISSION. THERE ARE A NUMBER OF PRIVATE, OR SEMI-PRIVATE, ORGANIZATIONS INVOLVED. LACK OF FUNDS FROM THE UNITED STATES WILL CAUSE US PROBLEMS ON THE PROJECTS.

WE HAVE ALREADY MADE STAFF CHANGES TO TRY TO HANDLE NEW OPPORTUNITIES, PARTICULARLY IN THE CULTURAL AREA. THERE MAY BE A NEED FOR FURTHER CHANGES, AND THIS WILL HAVE TO BE DETERMINED IN THE NEXT FEW MONTHS. THE GREATEST SINGLE PROBLEM WILL BE TO MEET THE DEMAND FOR BICENTENNIAL PROGRAMS, EXHIBITS, SPEAKERS, PERSONALITIES ETC., FROM THE UNITED STATES TO FORM PART OF CELEBRATIONS AND OBSERVANCES THROUGHOUT FRANCE. UNLESS THE PROSPECTS IMPROVE, WE WILL DISAPPOINT PEOPLE THROUGHOUT THE COUNTRY AND LOSE A ONCE-IN-A-CENTURY OPPORTUNITY TO CONVEY FUNDAMENTAL INFORMATION ABOUT THE UNITED STATES.

16. SCIENCE AND TECHNOLOGY: CONTINUED SCOPE FOR
BILATERAL COOPERATION

BILATERAL COOPERATION IN SCIENCE AND TECHNOLOGY CONTINUED TO EXPAND DURING THE PAST YEAR. THE PROGRAM NOW INCLUDES OVER ONE HUNDRED PROJECTS. NEW EFFORTS LAUNCHED LAST YEAR INCLUDE THE \$4 MILLION TELESCOPE IN HAWAII SPONSORED BY FRANCE, CANADA AND THE U.S., AND AN EXCHANGE OF APPROXIMATELY 30 POST-DOCTORAL FELLOWS PER YEAR UNDER JOINT US-FRENCH AUSPICES. PROJECTS ABOUT TO BE INITIATED INCLUDE A STUDY OF SOLAR ENERGY

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EQUIPMENT EFFECTIVENESS UTILIZING FRENCH FACILITIES AT ODEILLO, AND AN ASSESSMENT OF POTENTIAL BILATERAL CANCER RESEARCH COOPERATIVE PROJECTS.

IN OTHER AREAS OF COOPERATION, NASA LAUNCHED THE FRANCO-GERMAN SATELLITE "SYMPHONY;" PROGRESS TOWARD COOPERATION HAS BEEN MADE ON NUCLEAR SAFETY, NUCLEAR SAFEGUARDS, AND ENRICHMENT PRINCIPALLY THROUGH QUIET SENIOR-LEVEL CONSULTATIONS; FRANCE HAS ACTIVELY PURSUED THE CCMS PROJECT ON SOLAR ENERGY; AND THE MINISTRY OF INDUSTRY AND RESEARCH HAS ENTERED INTO AN AGREEMENT WITH THE U.S. NUCLEAR REGULATORY COMMISSION FOR COOPERATION ON REGULATORY STANDARDS AND SAFETY RESEARCH.

THE NEXT TWELVE MONTHS WILL INVOLVE A DIFFERENT COMBINATION OF EFFORTS, WHICH SHOULD PRODUCE A SLIGHTLY GREATER VOLUME OF BILATERAL COOPERATION. ON THE MINUS SIDE, THERE IS NOTHING TO FOLLOW THE HIGHLY VISIBLE FAMOUS DEEP OCEAN EXPLORATION PROJECT; THE U.S. SPACE RESEARCH IS FOCUSED ON DEVELOPING THE SPACE SHUTTLE SYSTEM, FOR WHICH THE EUROPEANS ARE BUILDING SPACELAB, WITH ONLY SMALL FRENCH PARTICIPATION; THE NEW INTERNATIONAL ENERGY PROJECTS WILL BE CENTERED IN THE IEA, WHICH MAY INHIBIT FRENCH PARTICIPATION. ON THE PLUS SIDE: CONSULTATIONS ON NUCLEAR SAFETY AND REGULATORY ISSUES, SAFEGUARDS, ENRICHMENT, AND BREEDER REACTORS WILL BE ACTIVE; THE LIVELY FRENCH NUCLEAR DEBATE IS CAUSING A NUMBER OF FRENCH TO VISIT THE U.S. FOR "DIRECT DISCUSSIONS" ON NUCLEAR SAFETY AND ENVIRONMENT SUBJECTS; AND THE NEW PROJECTS IN THE SCIENCE COOPERATIVE PROGRAM SHOULD PROVIDE A MORE VISIBLE LEVEL OF ACTIVITY.

POLICY QUESTIONS AND PROBLEMS DURING THE NEXT YEAR WILL PROBABLY BE OF THE FOLLOWING NATURE:

1) TECHNOLOGY EXCHANGE: GISCARD'S QUIET RELAXATION OF THE GAULLIST INSISTENCE ON FRENCH (EUROPEAN) INDEPENDENCE (FROM THE U.S.) ON MAJOR TECHNOLOGICAL CAPABILITIES, E.G., SATELLITE LAUNCHERS AND COMPUTERS,

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AMEMBASSY REYKJAVIK
AMEMBASSY ROME
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USNMR SHAPE
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CINCUSNAVEUR

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WILL CONTRIBUTE TO AN INCREASE IN U.S.-FRENCH COOPERATION IN THESE AREAS. A KEY QUESTION ON THESE SUBJECTS WILL BE THE U.S. POLICY ON TECHNOLOGY TRANSFER--WHERE WILL THE U.S. DRAW THE LINE BETWEEN SELLING HARDWARE
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AND RETAINING SENSITIVE TECHNOLOGIES.

2) PATENTS: THE FRENCH (AND U.S.) EMPHASIS ON RESULTS RELATED RESEARCH WILL CAUSE THE ASPECT OF PATENT RIGHTS TO BE CONSIDERED IN PROPOSED COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS WHICH MAY BLOCK SOME JOINT EFFORTS APPEARING TO OFFER ANY FORM OF COMMERCIAL POTENTIAL.

3) THE IEA: IF ALL NEW INTERNATIONAL ENERGY-RELATED PROJECTS ARE FOCUSED IN THE IEA, THE FRENCH, IF THEY CONTINUE TO STAY OUT OF THE AGENCY, MAY AT LEAST CONSIDER SOME FORM OF RETALIATION. WHILE THEY ARE NOT LIKELY TO CUT PRODUCTIVE TECHNICAL TIES WITH THE U.S.,

THE FRENCH MAY ATTEMPT TO STALL MULTILATERAL TECHNICAL PROGRAMS.

16. THE DRUG TRAFFIC: COOPERATION REMAINS EXCELLENT

COOPERATION BETWEEN AMERICAN AND FRENCH OFFICIALS IN NARCOTICS CONTROL HAS REMAINED EXCELLENT DURING THE PAST YEAR. THE FRENCH HAVE CONTINUED AN INTENSIVE PROGRAM TO COMBAT THE PROCESSING OF MORPHINE BASE INTO HEROIN IN FRANCE AND THE SMUGGLING OF HEROIN FROM FRANCE INTO THE U.S. FRANCE IS NO LONGER THE PRINCIPAL PROCESSOR OF HEROIN FOR THE U.S., AND HOLLAND SEEMS TO BE THE MAIN TRANSIT POINT FOR HEROIN ORIGINATING IN THE FAR EAST. THE U.S. CUSTOMS SERVICE WAS ABLE FOR THE FIRST TIME TO OFFER A COURSE IN ANTI-DRUG CUSTOMS PROCEDURES TO SELECTED TEACHERS AT THE FRENCH CUSTOMS TRAINING SCHOOL. THERE HAVE BEEN IMPORTANT SEIZURES IN FRANCE OF ILLEGAL NARCOTICS AND MAJOR ARRESTS OF TRAFFICKERS, WHICH HAVE SERVED TO CRIPPLE TRAFFIC ACTIVITIES IN FRANCE. FRENCH OFFICIALS ARE ALERT TO THE DANGERS THAT WILL ARISE FROM THE RESUMPTION OF OPIUM PRODUCTION IN TURKEY AND APPEAR TO BE TAKING APPROPRIATE STEPS TO COUNTER THAT THREAT. THE FRENCH HAVE INFORMED US THAT THE PROCESS OF RATIFICATION OF THE AMENDMENT TO THE SINGLE CONVENTION ON NARCOTIC DRUGS OF 1961 IS UNDER WAY AND SHOULD BE COMPLETED DURING THIS YEAR.

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PUBLIC AWARENESS OF THE DRUG PROBLEM IS HIGH IN FRANCE, AND THE GOVERNMENT WILL HAVE A WIDE SPECTRUM OF SUPPORT FOR ITS EFFORTS AT SUPPRESSION OF ILLEGAL NARCOTICS AND FOR COOPERATION WITH THE U.S. AND OTHER COUNTRIES TO THAT END. OUR SUBSTANTIAL PUBLIC AFFAIRS PROGRAM BEGINNING THREE YEARS AGO TO HEIGHTEN PUBLIC AWARENESS AND FACILITATE COLLABORATION HAS BEEN SUCCESSFULLY CONCLUDED.

THERE ARE NOW NO PUBLIC AFFAIRS PROBLEMS IN THIS FIELD AND ONLY CONTINUING, ROUTINE INFORMATION TREATMENT IS REQUIRED.

IN VIEW OF THE FOREGOING, WE SHOULD:-

CONTINUE TO IMPLEMENT THE NARCOTICS ACTION CONTROL PLAN FOR FRANCE;

CONTINUE TO MAKE CLEAR TO FRENCH OFFICIALS AND PUBLIC THE USG'S DETERMINATION TO COMBAT INTERNATIONAL TRAFFIC IN DRUGS AND ENCOURAGE THE FRENCH EFFORT IN

EVERY WAY POSSIBLE.

PART III - RESOURCES

I DO NOT NOW SEE ANY REQUIREMENT TO REVISE THE PREVIOUS ESTIMATE OF RESOURCES NEEDED SUBMITTED IN PARIS A-362 OF JUNE 28, 1974. THE STATISTICAL DATA IN THAT ESTIMATE ARE STILL ACCURATE WITHIN THE ABILITY OF OUR AGENCIES TO PREDICT AT THIS TIME.

I DO NOT FORESEE ANY SIGNIFICANT CHANGES IN POSITION REQUIREMENTS, BUT I RESERVE THE RIGHT TO REVISE THIS ASSESSMENT AFTER FURTHER STUDY OF STAFFING LEVELS.

TO MAINTAIN PRESENT POSITION LEVELS, SOME AGENCIES, NOTABLY THE STATE DEPARTMENT, ARE FINDING IT NECESSARY TO TAKE COST-SAVING MEASURES IN ORDER TO FUND THE POSITIONS FROM ALLOTMENTS WHICH ARE NOT KEEPING PACE WITH INFLATION AND EXCHANGE RATE EROSION. IT IS PROBABLE

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THAT THESE MEASURES WILL CONTINUE TO BE NECESSARY, INCLUDING STRIDENT REVIEWS OF THE NEED FOR SUPPORT EXPENSES AND THE UTILIZATION OF CONTRACT SERVICES.
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